



July 2, 2018

Hon. Stacy L. Ruble, Secretary  
Postal Regulatory Commission  
901 New York Avenue NW, Suite 200  
Washington, D.C. 20268-0001

Dear Mr. Ruble:

In connection with the Commission's rules pertaining to periodic reports, 39 C.F.R. § 3050, I am submitting the following materials today:

- 1) Summary Description of USPS Development of Costs by Segments and Components, Fiscal Year 2017;
- 2) Narrative Explanation of Econometric Demand Equations for Market Dominant Products Filed with Postal Regulatory Commission on January 19, 2018; and
- 3) Narrative Explanation of Econometric Demand Equations for Competitive Products Filed with Postal Regulatory Commission on January 19, 2018 **(non-public)**.

Together, these documents comply with 39 C.F.R. § 3050.60(f), which requires the Postal Service to submit the following information:

- (f) Succinct narrative explanations of how the estimates in the most recent Annual Compliance Determination were calculated and the reasons that particular analytical principles were followed. The narrative explanations shall be comparable in detail to that which had been provided in Library Reference 1 in omnibus rate cases processed under the Postal Reorganization Act (by July 1 of each year)

As noted in past letters from Daniel J. Foucheaux, Jr., transmitting these items for previous fiscal years, item (1) provides the information that was provided commonly in Library Reference 1 filed in previous omnibus rate cases. As discussed in Commission Order No. 203, items (2) and (3) provide narrative

explanations pertaining to the Postal Service's estimates of demand for its Market Dominant (item 2) and Competitive (item 3) products.<sup>1</sup>

I have uploaded a zip file containing electronic copies of Items (1) and (2) to the Public Periodic Reports folder on the United States Postal Service Secure Large File Transfer Web Application portal (USPS SLFT). Please note that item (1) is a separate subfolder within the zip file consisting of 29 sub-files. Items (1) and (2) may be made available to the public and posted on the Commission's public website.

The Postal Service considers item (3) to be commercially sensitive, and item (3) therefore should not be made public or posted on the Commission's web site. I have uploaded a pdf file that is an electronic copy of Item (3) to the Non-Public Periodic Reports folder on USPS SLFT. Item (3) concerns demand equations for the Postal Service's competitive products. This document directly relates to the competitive product demand analysis materials that were provided to the Commission on January 19, 2018. The Postal Service believes that item (3) consists of commercial information that would not be disclosed under good business practices, and that it is exempt from mandatory disclosure, pursuant to 5 U.S.C. § 552(b)(3) and 39 U.S.C. § 410(c)(2).

In the letter of Maria W. Votsch to the Commission, dated July 3, 2017, which transmitted the Rule 39 C.F.R. Section 3050.60(f) Report for FY 2016, Ms. Votsch enclosed, as Attachment 1, the Postal Service's "Application of the United States Postal Service for Non-Public Treatment of Materials." The Postal Service incorporates this application by reference here. The reference to the demand analysis and forecast filed on January 20, 2017 in the document should be read to refer to the demand analysis and forecast filed on January 19, 2018. The application applies to item (3), which as described above, the Postal Service has designated as non-public and for which it has requested confidentiality.

Should you have any questions, please do not hesitate to contact me.

Best regards,

/s/

Kara C. Marcello  
Attorney, Pricing and Product Support

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<sup>1</sup> Notice of Final Rule Prescribing Form and Content of Periodic Reports, Order No. 203, Docket No. RM2008-4, at 39-40 (April 16, 2009).